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TO: Amru Meah, Director  
Buildings and Safety Engineering Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director **14.**

DATE: May 4, 2007

RE: 2007-2008 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2007-08 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers  
Council Divisions  
Auditor General's Office  
Roger Short, Finance Department Director  
Pamela Scales, Budget Department Director  
Ron Chenault, Budget Department  
Kandia Milton, Mayor's Office

## **Buildings and Safety Engineering (13)**

### **FY 2007-08 Budget Analysis by the Fiscal Analysis Division**

#### **Summary**

Buildings and Safety Engineering (BS&E) is a Enterprise agency. The recommended 2007-08 Budget is \$35.4 million, which is a \$663,000 (1.8%) decrease from the current year's budget. The department's recommended Net Tax Cost is zero.

In accordance with PA 245 of 1999, BS&E is now set up as a special revenue fund in the city's Comprehensive Annual Financial Report (CAFR). The recommended budget reflects BS&E as an enterprise agency.

The department is recommended to receive a Block Grant appropriation of \$5.74 million, a decrease of \$1. 5 million for Demolition Administration.

#### **2006-07 Surplus/(Deficit)**

The Mayor does not anticipate a surplus or deficit for BS&E.

#### **Overtime**

The overtime budget for current year is \$306,546. As of April 30, 2006, the department has spent \$75,796 on overtime in 2005-06, which is (27.2%) of the current year's budget. The recommended FY 2007-08 overtime budget is \$143,482.

#### **Personnel and Turnover Savings**

The department has no budgeted turnover savings in FY 2007-08.

Following is information by appropriation comparing budgeted FY 2006-07 positions, March 31, 2007 filled positions and FY 2007-08 recommended positions.

<u>Appropriation/Program</u>	<u>Budgeted</u>	<u>Filled</u>	Mayor's	<u>Over/(Under)</u>	<u>Mayor's</u>	
	<u>Positions</u>	<u>Positions</u>	<u>Budget</u>	<u>Actual to</u>		
	<u>FY 2006-07</u>	<u>3/31/2007</u>	<u>Positions</u>	<u>06/07 Budget</u>	<u>Recommended</u>	<u>Turnover</u>
<b>Buildings &amp; Safety Eng. (13):</b>						
130310 Administration	15	13	16	(2)	\$	-
130312 Licenses & Permits	47	46	50	(1)	\$	-
130314 Plan Review	14	13	14	(1)	\$	-
<b>10814 Administration &amp; Licenses</b>	<b>76</b>	<b>72</b>	<b>80</b>	<b>(4)</b>	<b>\$</b>	<b>-</b>
130340 Mechanical	67	68	67	1	\$	-
130345 Housing Inspections	35	68	35	33	\$	-
130346 Buildings	36	35	34	(1)	\$	-
130347 Zoning	4	2	4	(2)	\$	-
<b>10815 Inspections</b>	<b>142</b>	<b>173</b>	<b>140</b>	<b>31</b>	<b>\$</b>	<b>-</b>
<b>10829 Demolition-B&amp;SE</b>	<b>31</b>	<b>29</b>	<b>31</b>	<b>(2)</b>	<b>\$</b>	<b>-</b>
<b>11110 Property Maintenance Enforcement</b>	<b>82</b>	<b>0</b>	<b>79</b>	<b>(82)</b>	<b>\$</b>	<b>-</b>

<u>Appropriation/Program</u>	Budgeted	Filled	Mayor's	Over/(Under)	Mayor's
	Positions	Positions	Budget	Actual to	Recommended
	<u>FY 2006-07</u>	<u>3/31/2007</u>	<u>FY 2007-08</u>	<u>06/07 Budget</u>	<u>Turnover</u>
13XXXX Cost Center Not on File	0	8	0	8	\$ -
13XXXX Leave of Absence	0	0	0	0	\$ -
13XXXX Worker's Comp.	0	(1)	0	(1)	\$ -
13XXXX Unmatched Positions	<u>0</u>	<u>9</u>	<u>0</u>	<u>9</u>	<u>\$ -</u>
<b>TOTAL</b>	<b><u>331</u></b>	<b><u>290</u></b>	<b><u>330</u></b>	<b><u>(41)</u></b>	<b><u>\$ -</u></b>

### Proposed Layoffs and Vacant Position Reductions

The 2007-08 Budget does not require any layoffs in the Building & Safety Engineering Department. BS&E will reduce its fte's by one (1), by eliminating one position from the Building Division.

### Significant Funding by Appropriation

#### Appro.      Program

10814	Administration & Licenses	Appropriation increases by \$902,782 in FY 2007-08, The increase is due primarily to the net increase of several accounts. Salary & wages increases by \$448,272, a \$173,907 increase in employee benefits, due primarily to the net increase of four (4) positions; a \$100,000 increase in professional contractual services, a \$653,830 increase in operating services, which includes a \$50,000 increase for employee parking; and a \$182,350 increase in capital outlays/major repairs. The increases are offset by a \$17,800 decrease in operating supplies, a \$600,982 decrease in other expenses, which include the elimination of \$495,000 for title information and the reduction of \$125,910 in miscellaneous expenses; and a \$36,000 reduction in fixed charges.
10815	Inspections	This appropriation increases by \$182,749, due primarily to increases of \$396,121 in org. 13040 Mechanical, and \$69,239 in org. 130345 Housing/Inspections. The increases are offset by decreases of \$281,421 in org. 130346 Buildings, and \$1,190 in org. 130347 Zoning.
11110	Prop. Maint.	This appropriation decreases by \$248,756 in FY 2007-

	Enforcement	08.This decrease is due primarily to a \$258,582 decrease in dues & miscellaneous, a \$168,784 decrease in miscellaneous expenses, a \$84,000 reduction in overtime, and employee benefit decreases, offset by a \$263,920 increase in salaries-full time, and a \$39,000 increase for private car reimbursement.
10829	Demolition-Adm-BS&E	Appropriation decreases by \$1.5 million due primarily to a \$1.79 million decrease in professional contractual services, offset by salaries & wages increases

### Significant Revenue Changes by Appropriation and Source

Overall departmental revenues in Buildings and Safety Engineering increase by a net \$836,800.

#### Appro.      Program

10814	Administration & Licenses	This revenue appropriation increases by \$403,248. The increase is due primarily to an anticipated \$776,248 increase in Business Licenses revenue, offset by anticipated reductions of \$362,000 in Other Licenses, Permits revenue, \$10,000 in Sale-Mfrd & Reproduced revenue and \$1,000 in Other professional-occup- licensees revenue.
10815	Inspections	This revenue appropriation decreases by \$393,473. The decrease is due primarily to a \$438,000 decrease in Other Licenses, Permits revenue, the elimination of \$163,473 in Civil Infraction fines revenue, a reduction of \$28,000 in Business Licenses revenue, offset by a \$160,000 increase in Construction Inspection, a increase \$120,000 in Other professional-occup- licensees revenue and a \$10,000 increase in Safety Inspection Charges.
11110	Prop. Maint.	This revenue appropriation increases by \$773,000. The increase is due to a \$990,000 increase in Safety Inspection Charges, offset by a \$217,000 reduction in Civil Infraction fines.
10829	Demolition	This revenue decreases by \$1.5 million in BS&E Block Grant dollars for FY 2007-08.

### **Buildings and Safety Engineering (13)**

Budgeted Professional and Contractual Services by Activity	FY 2006-07 <u>Budget</u>	FY 2007-08 <u>Recommended</u>	Increase <u>(Decrease)</u>
Administration & Licenses	\$ -	\$ 100,000	\$ 100,000
Demolition Administration	<u>5,192,422</u>	<u>3,399,314</u>	<u>(1,793,108)</u>
<b>Total</b>	<b><u>\$ 5,192,422</u></b>	<b><u>\$ 3,499,314</u></b>	<b><u>\$ (1,693,108)</u></b>

## Questions and Issues

As of April 1, 2007, overall the department has 41 vacant positions.

- What are the vacant positions and are they fully funded for the 2007-08 FY?
- Does the department plan to fill the vacancies? If yes, how soon?

The department has implemented the Tidemark system for much of its financial activity. How successful has the system performed in the following areas:

- Interfacing with the City's DRMS financial system
- Permit tracking
- Billing activity
- Account receivable collections

## **Page 13- 3- ADMINISTRATION, LICENSES AND PERMITS AND PLAN REVIEW**

### Planning for the Future For FY 2007-08, FY 2008 and Beyond

The department plans to continue its aggressive collections program in FY 2007-08.

- Please describe how the program works. Does this project involve any assistance from any other City departments, such as Finance and Law?
- So far, how successful have these collections efforts been?
- What is the anticipated revenue impact of this project for the 2007-08 FY?

## **Page 13- 4- ADMINISTRATION, LICENSES AND PERMITS AND PLAN REVIEW**

### CHART 1

#### 2006-07 Executive Budget

Efficiency: Measures	2003-04 Actual	2004-05 Actual	2005-06 Projection	2006-07 Target
Percentage of Fees collected	48	70	75	80

### CHART 2

#### 2007-08 Executive Budget

Efficiency: Measures	2004-05 Actual	2005-06 Actual	2006-07 Projection	2007-08 Target
Percentage of Fees collected	48	75	80	80

- Chart 1 of the two charts illustrated above reflects the data from the 2006-07 FY Executive Budget and the second, (Chart 2) reflects the data from the newly

proposed 2007-08 FY Executive Budget. If the data for FY 2004-05 for both charts denote actual data, why does the actual percentage of fees collected reflect **70%** for 2003-04 in the 2006-07 Executive budget (chart 1) and **48%** for the 2003-04 fiscal year in the 2007-08 Executive Budget (chart 2)?

- Are collections in this category on track for the current fiscal year's collections projection (Chart 2)?
- Why doesn't the collection rate for fees show 85% as the target in 2007-08, as alluded to on page 13-2?

### **Page 13- 9 INSPECTION SERVICES FOR MECHANICAL/ELECTRICAL DIVISION MEASURES AND TARGETS –**

<b>Goals:</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>	<b>2007-08</b>
Measures	<b>Actual</b>	<b>Actual</b>	<b>Projection</b>	<b>Target</b>
Plumbing cross connection inspection hours billed	2,820	1,174	1,722	<b>4,307</b>

- The target listed above increases significantly in the 2007-08 FY. What is the rationale for such a significant (150%) increase?
- What is the projected impact on revenue?

### **Page 13- 9 PROPERTY MAINTENANCE ENFORCEMENT DIVISION MEASURES AND TARGETS –**

- BS&E has projected issuing 40,000 DAH (Department of Administrative Hearings) Tickets in the current fiscal year and 37,600 in the 2007-08 FY, both substantially up from the 26,449 actual tickets issued in the 2005-06 FY. What's the rationale for the increase from FY 2005-06?

Overall, non Block Grant revenue increases by \$836,775 for BS&E in FY 2007-08.

- The majority of the increase, \$773,000 (92.38%), appear in the Property Maintenance Enforcement revenue appropriation under Safety Inspection Charges (\$990,000). What is the basis for the projected non-block grant revenue increase?

In BS&E in the 2007-08 FY, how many titles are due to be changed and what is the rationale for the changes?

### **Page A-10 Executive Budget Summary-**

**Demolition Program-** A grant of \$1.5 million from the Economic Development Initiative will be used to supplement the Demolition Program, which will be reduced from \$7.2 million to \$5.7 million (book should reflect \$7.2 million not 7.3 million).

- When and how will the Economic Development Initiative grant mentioned above be administered and applied to the Demolition Program?

- Where is this grant reflected in the budget?
- Does the 2007-08 include any fees? If so, what are they, in which object code are they located, and how much revenue are they projected to generate?

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